

Real Estate Initiative

The ACE Initiative...Accountability, Consolidation and Efficiency

Governor Doyle has made streamlining state government and realizing cost savings a top priority. The ACE Initiative, led by DOA, is designed to drive these improvements across the enterprise in the areas of human resources, information technology, procurement, financial management/budgeting and real estate portfolio management.

Estimated portion of the savings that can benefit the general fund/budget stabilization fund: \$100+ million in 2005-07 and \$110 million in 2007-09.

Overall ACE Vision

Optimize the performance of Wisconsin State Government at the agency and enterprise levels by consistently applying best management practices and using credible benchmarks to measure and validate our achievement.

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ACE Real Estate Goals

- Short Term Goal: Meet the Governor's goal for the ACE real estate operational savings (\$4.2 million) and revenue generation (\$36 million).
- Long Term Goal: Integrate portfolio management, transform real estate service delivery, create a more transparent and accountable organization and document value through performance management.
- Strategy: Identify and implement real estate opportunities and management program initiatives to achieve our goal and enhance the tools (technology, training, process, etc.) that support our business functions.

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Initiative Objectives

Revenue Generation

- Rebalance portfolio and dispose of surplus non-core assets to achieve maximum value

▪ Cost Savings

- Minimize operating costs by implementing operational efficiencies
- Reduce overall real estate costs by implementing portfolio management and total cost analysis.

▪ Organizational Performance

- Align staff's skill sets to business requirements and promote ongoing training, succession planning and career enhancement opportunities
- Re-engineer and streamline business processes
- Enable continuous improvement through performance management
- Improve customer service
- Understand the components of \$1 Billion annual real estate costs to effectively manage

▪ Investments

- Invest in employees
- Improve real estate technology systems and information management

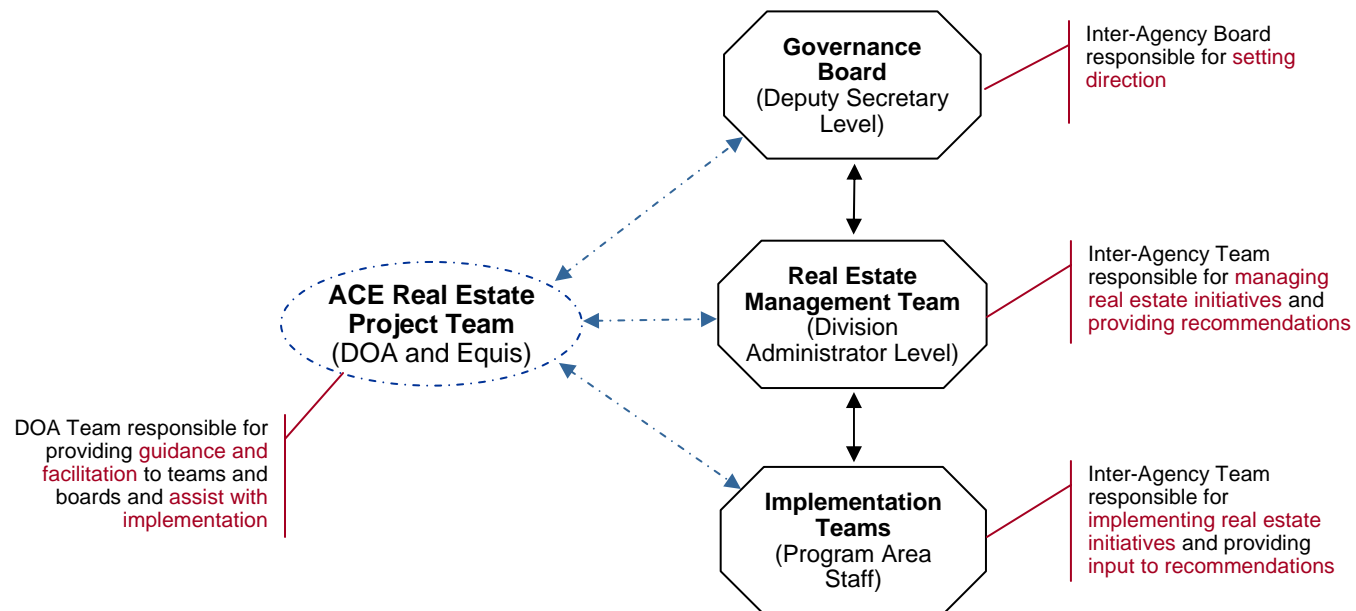
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Criteria for Success

- Exceed \$4.2 Million and \$36 Million Goal
- Ensure Collaborative Approach and Knowledge Transfer Opportunities
- Demonstrate transparency of process across agencies
- Conduct ongoing performance analysis
- Perform In-depth evaluation of current state and alternative solutions
- Advocate policy changes to accommodate new business environment
- Guarantee Leadership commitment to change
- Improve customer service
- Include other improvement initiatives in ACE activities (i.e. Baldrige)

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Advocates for Success



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ACE – Real Estate Initiative Work Plan

Components	Task Name	Qtr 2, 2005			Qtr 3, 2005			Qtr 4, 2005			Qtr 1, 2006			Qtr 2, 2006			Qtr 3, 2006		
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
Organizational Performance	Create Governance and Implementation Committees	■																	
	Develop Communication Strategy	■																	
	Develop Alternative Organizational & Service Delivery Model	■																	
	Re-Engineer Business Processes				■														
	Develop Performance Management Plan & Continuous Improvement Approach				■														
Portfolio	Develop Portfolio Management Functions				■														
	Develop Portfolio Management Tools (including TCO)				■														
	Define and Develop Improved Services										■								
Technology	Define High Level Business Requirements			■															
	Develop RFP for Technology Solution					■													
	Select Technology Solution						■												
	Develop Technology Implementation Plan										■								
Facilitation	Facilitate Knowledge Transfer	■																	
	Facilitate Communication Plan	■																	
	Facilitate Governance and Implementation Committees	■																	

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The Outcomes of an Improved Real Estate Management Program

Current State:

- Fragmented / Siloed Real Estate Management focused on transactions
- Focus on operating budget vs. total cost
- Legacy technology with limited information management capabilities
- Limited data, inconsistent business processes and limited performance management
- Lack of Surplus (un-needed or under-utilized) Property Program

Future State:

- ✓ Integrated Portfolio Management Approach
- ✓ Implement Total Cost of Occupancy (TCO) tools
- ✓ Improved Technology Systems with cohesive data set and Information Management
- ✓ Extensive Performance Management & Continuous Improvement Program (Re-engineered Business Processes)
- ✓ Realize and gain value of surplus assets by eliminating excess property

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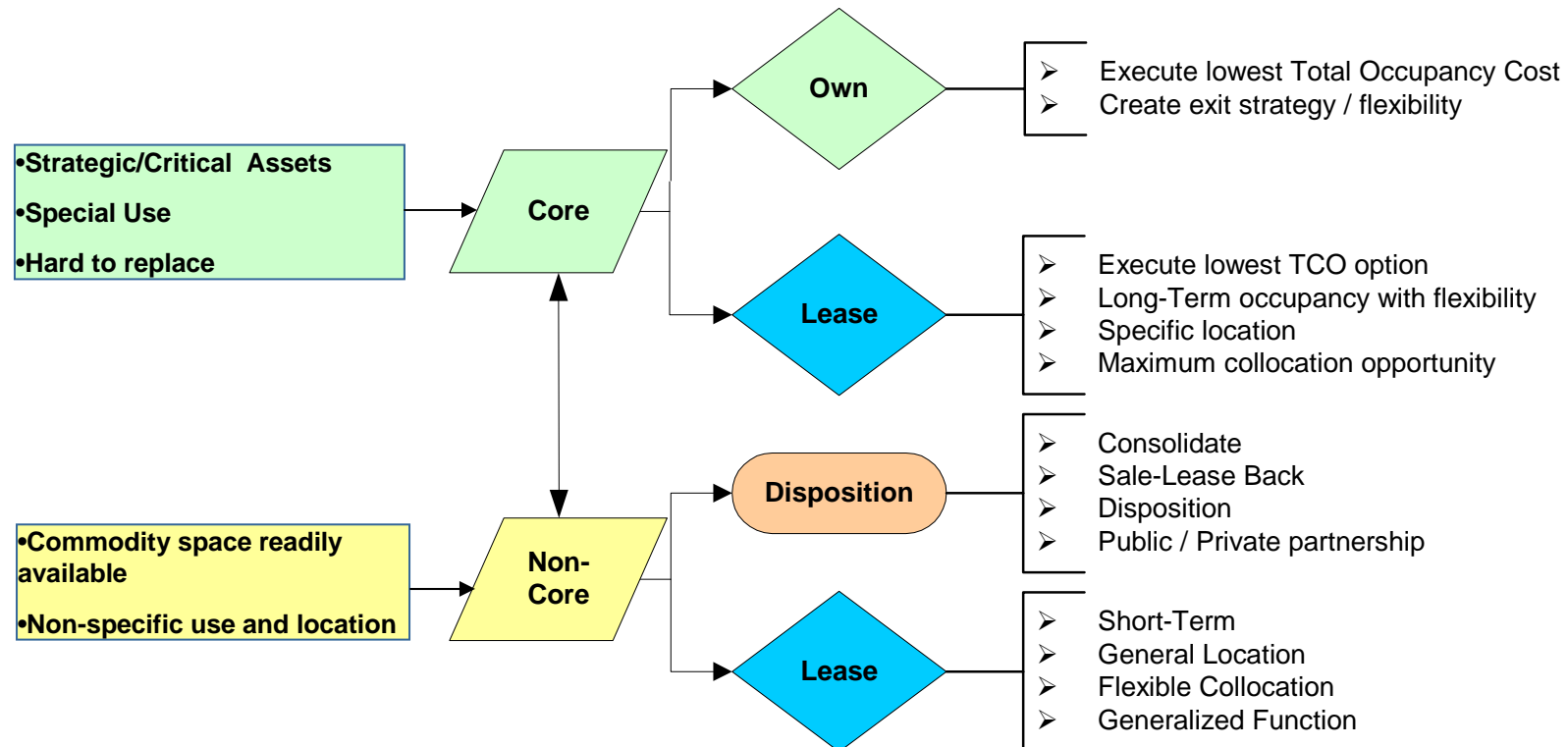
Implement New Capabilities for Improved Real Estate Management

Portfolio Management Tools:

- Strategic Statewide Portfolio Planning
- Metro Area Planning (Region specific)
- Total Cost of Occupancy Methodology & Tools
- Asset Management
 - Determine Core and Non-Core Assets
 - Align with User Group / Agency Business Requirements
 - Prioritize Changes to the Portfolio by ease of implementation and opportunity
- Statewide Data Management Capability
- Consistent Transaction Management Based on Inter-Agency Requirements
- Financial Analysis of Portfolio

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Core / Non-Core Analysis and Outcomes



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Tools Occupancy Decisions

Program and Business Requirements

Strategic Statewide Planning

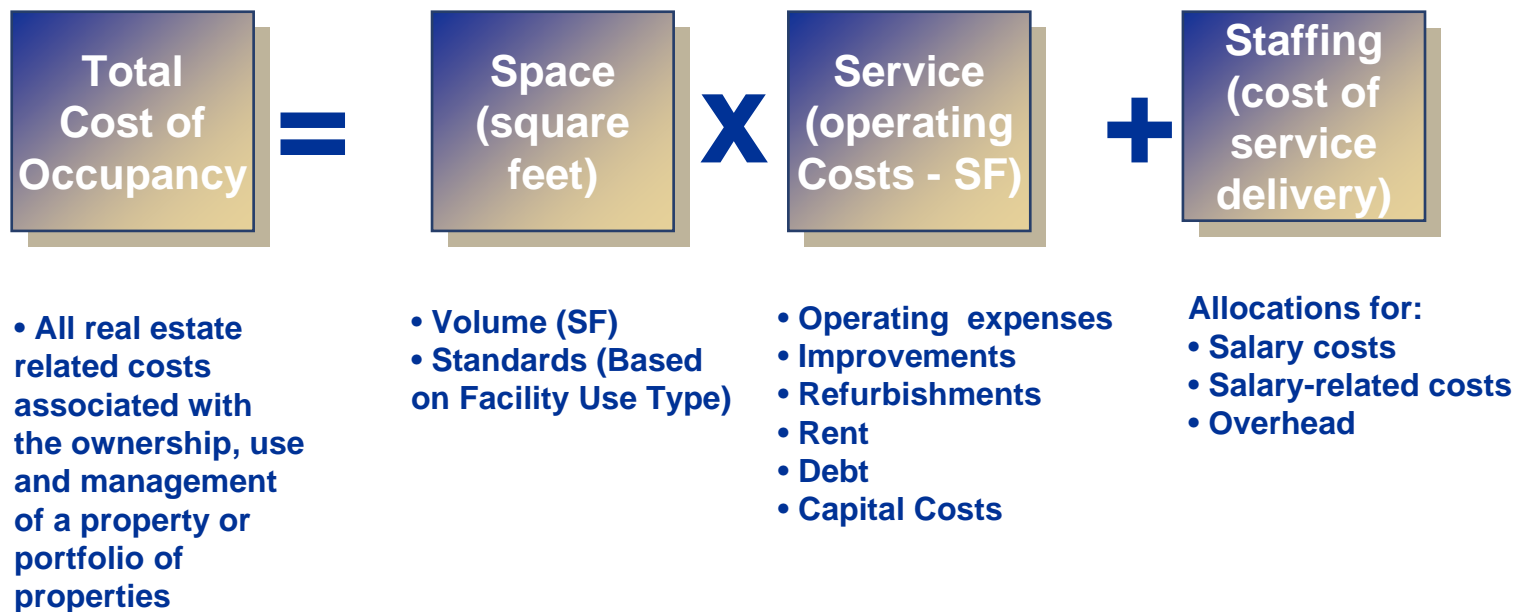
Lease and Owned Considerations:

- Determine Core vs. Non-Core Asset
- Consolidation / Co-location Opportunities
- Compliance with Space Standards
- Market Negotiations
- Total Cost Occupancy (TCO)
- Lifecycle Costs
- Portfolio Impact

Savings

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Total Cost of Occupancy



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Next Steps:

- **Communicate progress and updates on ACE**
- **Engage and Implement Governance Teams**
- **Align Organization for Improvement and Employee Growth**
- **Define and Procure Improved Technology System**
- **Implement Improved Services**
- **Realize Cost Savings**